



From: "Dave Swanson" <SWANSON@wapa.gov>
To: <laurie.woodall@azag.gov>
Date: 3/8/2007 3:52:12 PM
Subject: Northern Arizona Energy Project

Laurie, you may not remember me, but a few years ago we discussed the prospects of the Arizona Power Plant and Transmission Line Siting Committee becoming a cooperator with Western Area Power Administration on its environmental review for the Wellton-Mohawk Generating Facility. For that project, our environmental review started after the Arizona Corporate Commission acted upon the application for a certificate of environmental compatibility.

We are starting an environmental review for the proposed Northern Arizona Energy Project near Kingman, Arizona, that I believe will fall under the jurisdiction of the siting committee and ACC. We will be preparing an environmental assessment (EA) to support Western's decision in responding to an interconnection request. I have attached our EA notification that will be distributed to federal, state, and local agencies and landowners in the project vicinity. Please let me know if you would like us to formally invite the siting committee to become a cooperating agency to participate in the EA process, or if you need any additional information. Thanks. Dave

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CC: "Lynn Almer" <Almer@wapa.gov>, "John Holt" <HOLT@wapa.gov>

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Where can I get more information?

Mr. John Holt
Western Area Power Administration
P.O. Box 6457
Phoenix, AZ 85005-6457
Phone: 602/605-2525
Fax: 602/605-2630
E-mail: holt@wapa.gov

Ms. Dana Diller
Northern Arizona Energy Project
6410 E. Everett Dr.
Scottsdale, AZ 85254
Phone: 480/664-8154

You can also find out more about the proposed project by visiting us online at
www.wapa.gov/transmission/intermaep.htm

Western Area Power Administration
P.O. Box 6457
Phoenix, AZ 85005-6457

What is the EA schedule?

- **Early March 2007** – Scoping notice sent to stakeholders; comments solicited to help define EA scope
- **March 31, 2007** – EA scoping period closes
- **April 2007** – Western incorporates scoping comments and distributes Draft EA for review
- **August 2007** – Western determines whether to prepare a FONSI or an EIS and issues a FONSI or EIS determination

Northern Arizona ENERGY PROJECT

MARCH 2007

New 175-MW powerplant planned for Mohave County, Ariz., site

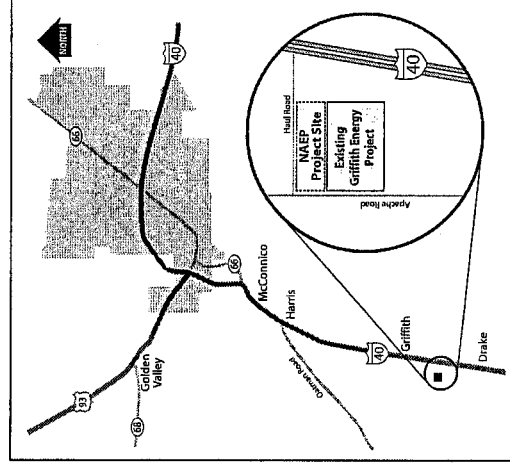
Western Area Power Administration, a power marketing agency of the U.S. Department of Energy, wants to hear your comments about a proposed power generation facility that would interconnect with Western's transmission system.

Northern Arizona Energy, LLC proposes to construct the Northern Arizona Energy Project, a natural gas fired, simple-cycle power plant located on private lands located about 9 miles south of Kingman,

Ariz. The proposed project would supply power to utilities in Arizona and surrounding regions to serve their customers during periods of peak electricity demand. Construction of the proposed project would start in late 2007 and be complete by May 2008.

The proposed project would be located on an approximately 40-acre parcel of land just north of the existing Griffith Energy Project. Gas and water would be provided by the adjacent Griffith Energy Project.

Within the parcel, approximately 8 acres would be used for equipment, a stormwater retention basin and interconnection facilities. The proposed project would be interconnected to the regional transmission grid via transmission interconnections at the existing Griffith Switchyard, owned and operated by Western. The Griffith Switchyard would be expanded about 1 acre to accommodate the interconnection with the proposed project. A temporary construction area for contractor facilities, construction parking, and equipment and material lay down would be located east of the power plant site and would require about 3 acres.



Why the Northern Arizona Energy Project?

The Northern Arizona Energy Project is being developed in response to several factors, including:

- Extreme historical and forecasted peak load growth in Mohave County and across Arizona
- Arizona utilities seeking peaking resources
- No existing simple-cycle units in Mohave County to serve peak load profile
- Use of existing I-40 Industrial Corridor infrastructure at property boundaries
- Existing gas transportation capacity and meter station
- Western's existing Griffith 230-kV Switchyard
- Mohave County water system

What facilities and equipment are planned?

Equipment associated with the proposed project would include four General Electric LM6000 PC SPRINT NkGen 45 megawatt combustion turbine generators with inlet air chiller modules. The proposed project would be designed to produce 175 MW of net electrical output. However, annual average output of the proposed project would not exceed 50 average MW. The generators are capable of rapid startup within 10 minutes, allowing the proposed project to respond to fluctuations in electric demand.

The equipment and facilities would be arranged for optimum use of the power plant site as well as to ensure operability and maintainability. Conceptual engineering studies have been conducted to define the specific equipment requirements and to confirm the suitability of the proposed site.

Why is Western involved in the Northern Arizona Energy Project?

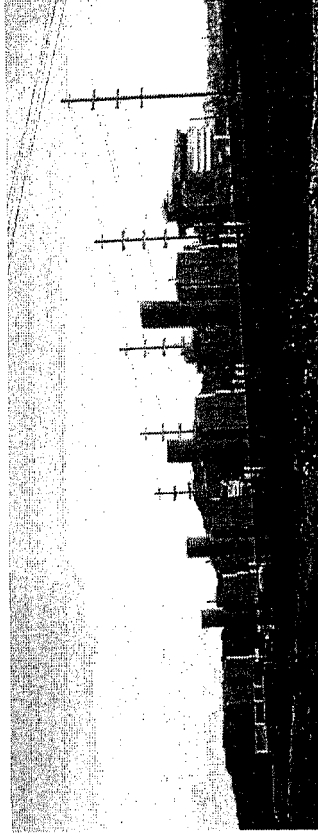
Western operates and maintains about 17,000 miles of high-voltage transmission lines and associated facilities within a 15-state region of the central and western United States. Federal law requires us to provide eligible organizations open access to transmission services so that they can move power to load areas. We provide these services through an interconnection if there is available capacity on the Federal transmission system.

Any entity requesting transmission services must abide by our Open Access Transmission Service Tariff, including our Large Generator Interconnection Procedures. More information about these requirements is available on our Web site at <http://www.wapa.gov/transmission/interconn.htm>.

The owners of the proposed project requested an interconnection with Western's transmission system at Griffith Switchyard. This interconnection request triggers a Federal National Environmental Policy Act review process in addition to the state's permitting processes. Before Western can agree to the construction and interconnection of the proposed project, we must consider the project's potential environmental impacts.

Western needs your help to address environmental impacts

Public involvement is an important and integral part of Western's NEPA process. Scoping involves actively acquiring input from interested Federal, state, tribal and local agencies and the public. Information gained during scoping assists Western in identifying potential environmental issues, alternatives and mitigation measures associated with constructing and operating the proposed project. Scoping also helps narrow the



This visual simulation shows the proposed Northern Arizona Energy Project viewed from the intersection of Haul Road and Apache Road looking southeast.

scope of issues so the analysis of environmental impacts can focus on areas of high interest and concern.

Western wants you to comment on the proposal, offer suggestions to improve the proposal and even suggest alternative actions. Western is also asking you to identify any issues of concern about potential environmental impacts. You can provide input into this process by e-mailing, delivering, or sending by mail or fax your comments by March 31, 2007 to John Holt or by mailing the enclosed addressed response sheet.

This newsletter also serves as Western's notification of plans to prepare an environmental assessment. The EA will provide Western with a framework to analyze and judge the magnitude of environmental impacts. If Western finds that there are no significant environmental impacts, we can issue a "finding of no significant impact" and move forward with the proposed project. If the EA process identifies likely unmitigated significant impacts, an environmental impact statement process will be initiated to take a more detailed look at the impacts and alternative approaches to the proposed project.

If you would like to receive a copy of the Draft EA for review, please note so on the response

sheet. Western will also be the lead agency for compliance with the National Historic Preservation and Endangered Species acts.

Preliminary issues

The following issues and concerns have been identified as among those that should be examined for impacts. The list will be finalized during Western's EA process and used to prepare the Draft EA.

- Air emissions from the combustion turbines
- Noise generated by the combustion turbines
- Loss of desert habitat
- Construction worker travel effects on local transportation facilities
- Changes in land use
- Influx of construction workers and effects on local infrastructure
- Water required by the proposed power plant